2012

China BPIC Surveying Instruments AG

China BPIC Surveying Instruments AG

Key Financial Figures

Income Statement (for the period 1 January 2012 to 31 December 2012)

In EUR	FY 2012	FY 2011	+/- %
Revenue	7,176,005	4,179,541	71.7
Gross profit	4,070,593	2,326,871	74.9
EBITDA[1]	3,626,370	2,486,868	45.8
Net profit	2,526,597	1,807,705	39.8
Gross profit margin[2]	*56.7%*	*55.7%*	*1.0*
EBITDA margin[2]	*50.5%*	*59.5%*	*-9.0*
Net profit margin[2]	*35.2%*	*43.3%*	*-8.1*
Earnings per share (basic)	*0.50*	*0.36*	*38.9*

1 EBIDTA refers to earnings before interests, depreciation and taxes, and is calculated using profit from operation minus depreciation.

2 Gross profit margin, EBITDA margin and net profit margin are calculated using related margins figures above divided by total revenue figure above.

Balance Sheet (as of 31 December 2012)

In EUR	31 December 2012	31 December 2011	+/- %
Assets			
Non-current	5,192,781	1,831,683	183.5
Current	4,971,909	3,010,156	65.2
Total assets	**10,164,690**	**4,841,839**	109.9
Equity and liabilities			
Capital and reserves	4,525,635	1,888,067	139.7
Current liabilities	5,639,055	2,953,772	90.9
Total equity and liabilities	**10,164,690**	**4,841,839**	109.9

Content

Letter to the Shareholders

Dear Shareholders,

I would like to take this opportunity to thank all the shareholders for their support and trust in China BPIC Surveying Instruments AG (“**BPIC AG**” or the “**Company**” or together with its consolidated subsidiaries the **"Group"** or “**BPIC**”) after being listed on the Entry Standard of the Frankfurt Stock Exchange on 20 November 2012.

I am proud that we continually maintained a high growth in the financial year 2012 under a challenging environment and slow recovering economic conditions, domestically and abroad. Our Group results have achieved excellent sales growth and improved profitability:

- 71.7% increase in revenue to EUR 7.18 million and 39.8% increase in net profit to EUR 2.53 million
- Gross profit up 74.9% to EUR 4.07 million with a gross profit margin of 56.7%
- Profit before tax, interest and depreciation up 45.8% to EUR 3.63 million with EBITDA margin of 50.5%

Sales growth in the financial year 2012 was primarily attributed to increase in sales volume, which has proven our “BPIC” branded products are well accepted by customers in the market. In addition, the number of ordered units from recurring distributors has also increased constantly.

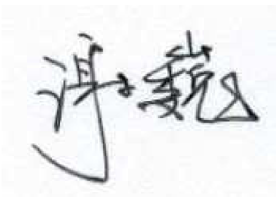
The excellent development of our BPIC branded products in last year has confirmed the successful change in strategic focus to our own branded products. We are very confident about the performance ahead due to the growing demand of our surveying instruments. In facing the growing demand in the PRC and overseas, we plan to expand our production capacity.

We intend to launch new products e.g. Window-CE total station, hand-held distance meter, high-precision GPS receiver in the financial year 2013 so as to broaden our product portfolio and capture the growing demand from different sectors. We will participate in this year’s INTERGEO to be held in Essen, Germany in October 2013 to further promote our “BPIC” branded products and open our overseas market. All in all, we are very optimistic about the future of BPIC AG and we believe we are just in the beginning of fulfilling our potential.

Our business has developed well since 2003 and have built up an efficient distribution network around China. With our upcoming new products, we are highly confident in delivering strong growth, in terms of both revenue and net profit in the years ahead.

I would also like to take this opportunity to express my greatest gratitude to my fellow employees, for their hard work and dedicated contribution to the success and growth of the Company. I strongly believe that with such an energetic and reliable team, we have a bright future ahead of us.

Sincerely yours,



Wei XIE

Managing Director of China BPIC Surveying Instruments AG

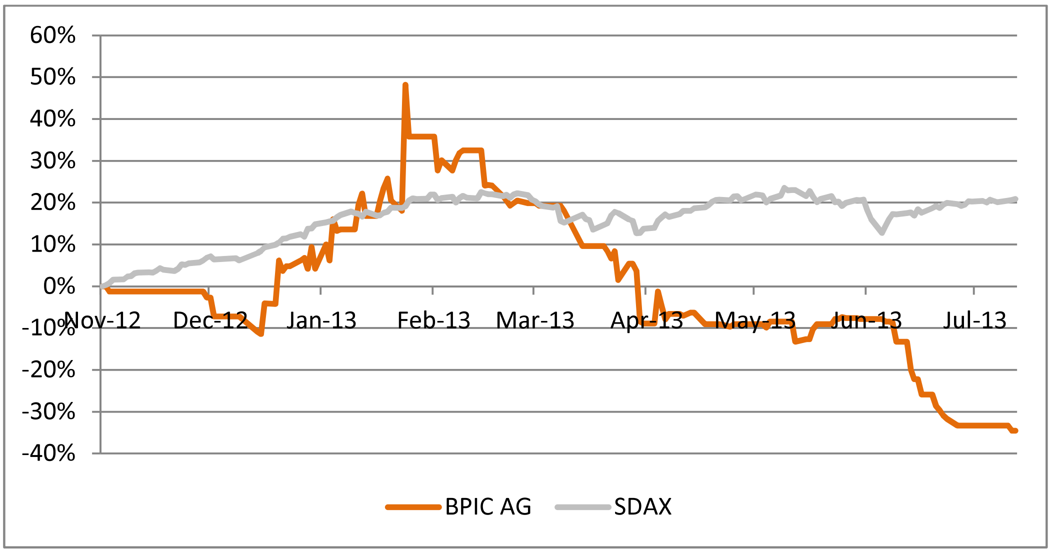
The Share

Development of Share Price

BPIC AG was traded at an initial listing price of EUR 4.05 on the Frankfurt Stock Exchange on the first day of listing, 20 November 2012. The stock reached its high of EUR 6.00 on 12 February 2013. The share price then reached its lowest of EUR 2.65 on 30 July 2013. BPIC AG was not aware of any specific reason leading to the drop in share price recently. The share price was at EUR 2.65 on 31 July 2013.

Relative Share Price Development in %

First day of listing on 20 November 2012 until 31 July 2013



Basic Data

ISIN / WKN /Ticker	DE000A1PG508 / A1PG50 / CSY
Trading Sector	Industrial
Commencement of Trading	20 November 2012
Share Capital	EUR 5,154,646
Designated Sponsor	BankM - Representative Office of biw Bank für Investments und Wertpapiere AG
Market Capitalization as of 31 July 2013	EUR 13,659,812

Report of Supervisory Board

Dear Shareholders,

Supervisory Board Activities in the 2012 Financial Year

In the financial year 2012, the Supervisory Board of BPIC AG thoroughly performed its duties as assigned by law, the Articles of Incorporation and the Rules of Procedure and advised the Management Board in the direction of the Company and accompanied and monitored its management activities. The Management Board informed the Supervisory Board, in writing, on the economic situation and development of the Company as well as on significant business matters. This included, in particular, the development of the Company's business in China as well as in overseas, the public listing, the employment situation as well as basic aspects of corporate planning and the envisaged business policy.

The Management Board comprehensively fulfilled its reporting duties in relation to the aforementioned topics. The Supervisory Board fully performed its duties as assigned by law, the Articles of Incorporation and the Rules of Procedure and made the necessary decisions.

Outside the meetings, the Management Board kept the Supervisory Board informed about significant events. Moreover, important topics and upcoming decisions were dealt with in regular discussions between the Management Board and the Supervisory Board. The Chairman of the Supervisory Board kept himself regularly informed outside the meetings by the Chairman of the Management Board on significant events. The Supervisory Board did not exercise our examination right according to Section 111(2) of the German Stock Corporation Act (AktG), as the reporting by the Management Board gave no reason to do so. The Supervisory Board did not set up any committees during the reporting period.

Subject Matters of the Supervisory Board Meetings in the 2012 Financial Year

In the financial year 2012, the Supervisory Board convened 3 meetings on 18 July 2012, 13 August 2012 and 24 August 2012.

The subject matter of the meeting on 18 July 2012 was primarily to appoint of Mr. Gunnar BINDER as the sole member of the Management Board.

The subject matter of the meeting on 13 August 2012 was primarily to approve the post-formation report of the Supervisory Board of BPIC AG.

The subject matter of the meeting on 24 August 2012 was primarily to appoint the new members of the Management Board (Mr. Wei XIE, Ms. Yan ZHAO and Mr. Took Jwee NGOH) after the resignation of Mr. Gunnar BINDER.

Significant Supervisory Board Meetings after the End of Reporting Period

On 18 July 2013, the Supervisory Board approved the Shareholder Loan Agreement between Beijing Precise Instruments Company Limited (**"BPIC PRC"**) and Mr. Wei XIE for an amount up to a maximum of EUR 2 million with a term of 2 years commencing on 1 January 2012 to 31 December 2013 for the sales amount received by Mr. Wei XIE personally from his long time customers on behalf of the Company. All of the outstanding amounts due to BPIC PRC as of 31 December 2012 have been settled by Mr. Wei XIE as of the reporting date.

The interest of the Shareholder Loan Agreement was calculated at the rate of 8 per cent per annum, payable 6 months in arrears. The interest payable by Mr. Wei XIE will be offset against his remuneration as a member of the Management Board in BPIC AG. The remuneration of the members of the Management Board was approved in the same Supervisory Board meeting.

Changes to the Supervisory Board and Management Board

The initial Supervisory Board of the Company consisted of Mr. Sven KLINGENBERG (Chairman), Mr. Delf NESS (Deputy Chairman), and Mr. Michael BOECKEL. These members were elected by the extraordinary Shareholders' Meeting on 18 July 2012.

By resolution dated 24 August 2012, the Shareholders' Meeting of the Company appointed Ms. Xiaoping ZHAO-MOLL, Mr. Phillip MOFFAT and Mr. Jie LUO as the new members of the Supervisory Board for a period until the expiration of the Shareholders' Meeting exonerating the Supervisory Board for the short financial year 2012. The Supervisory Board elected Mr. Phillip MOFFAT as its chairman and Mr. Jie LUO as its deputy chairman.

The initial member of the Management Board of the Company was Mr. Gunnar BINDER. He was appointed by resolution of the members of the first Supervisory Board dated 18 July 2012.

By of resolution dated 24 August 2012, the Supervisory Board Meetings appointed Mr. Wei XIE, Ms. Yan ZHAO and Mr. Took Jwee NGOH as the new members of the Management Board.

Effective on 19 June 2013, Mr. Phillip MOFFAT resigned from the Chairman of Supervisory Board. Mr. Matthias SCHROEDER was appointed as a member of the Supervisory Board by the Local Court of Hamburg, Germany, on 25 June 2013. By resolution dated 28 June 2013, the Supervisory Board elected Mr. Matthias SCHROEDER as the new Chairman of the Supervisory Board.

Annual Financial Statements and Consolidated Financial Statements for 2012

The principal subject matter of the Supervisory Board meeting on 9 September 2013 was related to the annual financial statements of the Company for the short financial year ending 31 December 2012 according to the statutory accounting requirements of the German Commercial Code ("HGB") and the consolidated financial statements for the financial year ending 31 December 2012 according to IFRS as endorsed for application within the EU. The consolidated financial statements for the financial year ending 31 December 2012 were subsequently audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf. Both the Management Board and the auditors presented the financial statements to the Supervisory Board and answered all their questions comprehensively.

After discussing the presented financial statements, the Supervisory Board approved the annual financial statements of the Company and the audited consolidated financial statements. The annual financial statements of the Company are thus adopted pursuant to section 172 German Stock Corporation Act ("AktG")

In addition, the Supervisory Board furthermore approved the management report for the Group for the financial year ending 31 December 2012.

Dependent Company Report

According to Section 312 of the AktG, under certain circumstances a company is obliged to produce a report on relations of a dominant shareholder of the company with affiliated companies. The Supervisory Board discussed with the Management Board on the matter and noted that as the majority shareholder, Mr. Wei XIE, has no economic interests other than his participation in BPIC AG, the risk that he uses his influence on related entities to the detriment of the company is limited. Against this background, the Supervisory Board and the Management Board determined that no dependency report was to be prepared by the Management Board in accordance with Section 312 of the AktG.

The Supervisory Board thanks the Management Board and all staff members for their commitment and their excellent work in the financial year 2012.

9 September 2013

On behalf of the Supervisory Board

Matthias SCHROEDER

Chairman of the Supervisory Board

Group Management Report

1. General information on the Group

China BPIC Surveying Instruments AG (hereafter also referred to as "BPIC AG") is the German Holding Company of the one of the leading Chinese surveying instruments manufacturers. The Group is principally engaged in designing, manufacturing and selling surveying instruments under its own "BPIC" brand. Surveying instruments are mainly used to capture, edit, model, analyze and visually present spatial information (e.g. distance, angles, coordinates, image etc.). Spatial information tells us where we are, defines the properties we own, describes, maps and monitors the world, its infrastructure and its resources. Spatial information can also be used in building and monitoring of infrastructure such as roads, bridges, railways, tunnels and dams. The highly-precise surveying instruments of BPIC are produced in its own production plant in Changping District, Beijing, PRC. BPIC has been operating as a surveying instruments manufacturer since 2003. Benefiting from its competitive cost advantages over its peers, BPIC is able to pursue an aggressive pricing strategy on its products which enables it to hold a special position in the Chinese and overseas surveying instrument market.

BPIC has been focusing on its strategy to develop its own "BPIC" branded products (**"Branded Products Business"**). BPIC sells 4 types of products with a total of 6 different models, namely, Electronic Total Station, Electronic Theodolite (including 2 models), Laser Electronic Theodolite and Construction Cross-Liner Laser (including 2 models) via its China-wide regional dealers. BPIC also provides Original Design Manufacturing ("ODM") services to other surveying instruments companies including the design and manufacture of whole surveying instruments equipment and component systems in accordance with the specification from its clients (**"ODM Business"**). As recognition of its technological achievement, BPIC was awarded "Certificate of High and New Technology Enterprise" and "Software Enterprise Cognizance Certificate" in 2011.

BPIC focuses on core production activities (design and product improvements, final assembly and quality control) and outsources production activities that are non-essential on its business. This ensures that it is able to focus its efforts on creating higher value for shareholders while maintaining low overheads in its operations. Leveraging on the competitiveness and availability of manufacturers in the Chinese market, it is able to maintain a low cost structure for its products.

1.1 Group Structure

The existing group structure of BPIC was formed on 31 July 2012 by way of a contribution in kind, when the transfer of the entire share capital in China BPIC Surveying Instruments Company Limited (“**BPIC HK**”) into BPIC AG took legal effect. BPIC HK is an intermediate holding company for the Group’s operating entity Beijing Precise Instruments Company Limited (“**BPIC PRC**”) and Boxin Dingsheng Software Technology (Beijing) Limited (“**Boxin Dingsheng**”), which are both located in the PRC. The operating business of the Group is carried out by BPIC PRC and Boxin Dingsheng.

On 20 November 2012, the shares of BPIC AG started trading in the non-regulated market (Entry Standard segment) of the Frankfurt Stock Exchange, Germany.

2. Economic Report

2.1 Market Environment

Macroeconomic Conditions

The global economy has been unstable throughout 2012 with the European debt crisis and a rather fragile U.S. economy. The world economic crisis has impacted on China’s economic growth though the extent is less than compared to countries in Europe. According to China’s National Bureau of Statistics, the gross domestic product (GDP) of China was RMB 51,932.2 billion, up by 7.8% over the previous year. In 2012, investment in fixed assets continued its fast growth. The investment in fixed assets (excluding rural households) was RMB 36,483.5 billion, a growth of 20.6%.

For projects under construction, following a severe drop in the total investment in new projects under construction in China in the second half of 2011 due to the decline in foreign investment brought about by the European sovereign-debt crisis, the situation gradually recovered in the second half of 2012 and stabilized at the end of 2012.

YoY change in the investment amount of projects under construction.

Source: Chinese National Bureau of Statistics

Political and Policy Environment

According to the 12th 5-year plan of China, the development of Geographic Information System ("GIS") and the establishment of "Digital China" is one of the major focuses of the Chinese government. The Chinese Vice Premier Li Keqiang indicated that improved development of surveying and geographic based data systems such as GIS are integral to the future economic development of that country. He also pointed to the need for more integrated digitally based solutions that would enhance and support the construction and operation of digital cities. Therefore, total stations, GPS receivers, together with laser scanners and other imaging surveying instruments, which are the core equipment for the establishment of GIS, remained in strong demand in 2012.

In addition, urbanization is a hot topic in China after a plan for promoting new "urbanization" was released by the 18th National Congress of Communist Party of China ("NCCPC") held on November 8, 2012. China's urban population has accounted for 52.57% of the country's total population by the end of 2012, up 1.3 percentage points from a year earlier, according to data from the National Bureau of Statistics. According to a report distributed at the Symposium on Demographic Challenges and Social Cohesion, which is sponsored by the China Population and

Development Research Center, China's urbanization rate will further climb to near 60 percent by 2020. Therefore, the urbanization development in the key areas like 2nd and 3rd tier cities drive investments in infrastructure construction (roads, bridges, real estates etc.) affecting people's livelihood. The second and third tier cities commonly referred to those cities which are provincial capitals, special administrative cities or also cities around the top tier cities like Beijing, Shanghai, Guangzhou and Shenzhen, which includes Suzhou, Hangzhou, Nanjing, Tianjin and Wuhan,. Therefore, this should benefit the outlook for total stations, the key instruments used in construction and engineering activities.

Sector Trend

2012 was a revival year for the global surveying instruments market after the financial crisis. According to Hexagon AB, the Swedish global leader in surveying instruments industry via its holding of Leica Geosystems, the overall market still suffered from the decline in the 1st half of 2012 following the economic downturn in 2011. While in the 2nd half of 2012, construction and engineering activities became more active in total, the overall surveying instruments market stayed flat in 2012. Hexagon AB estimated the average growth rate for global surveying instruments market at 8% p.a. over the business cycle, implying that the growth rate is approximately 2 times the average global GDP growth.

The situation of the Chinese surveying instruments market was similar to the global development. The market revived in the 2nd half of 2012 leading to the Chinese surveying instruments market staying flat overall in 2012.

Speaking in relation to products, total station and GPS receivers remained the two key products for the market. It is observable that the instruments will get smaller, lighter and more affordable, whilst simultaneously providing more information in shorter processing times to aid in faster and smarter decision making.

Competitive Environment

The surveying instruments market is fragmented, especially in China, with many local champions in various countries. Nevertheless, the global market is still dominated by 4 companies in 2012. Hexagon AB in Sweden, Topcon Corporation in Japan, and Trimble Navigation Limited in USA position themselves in the high end market. While Chinese groups are mostly competing in the low to mid-price range, the fastest growing market segment, with Hi-Target Surveying Instrument

Company Limited and South Surveying & Mapping Instrument Company Limited being the two most significant Chinese market players.

Strengths and Weaknesses of the Group

According to a current SWOT analysis, BPIC has the following strengths and opportunities in the overall environments:

- A German listing of BPIC shares could boost interest for BPIC products outside of China, commanding superior prices. German listing is the first step of BPIC's intended globalization
- Urbanization trends in China lead to increasing demand for surveying instruments. In addition, BPIC's operating experience in China can be copied in other developing countries, offering strong business opportunities.
- Strong order book in China provides BPIC an excellent business outlook for the next 3 years. Overseas orders are expected to be improved following BPIC's participation at INTERGEO, an annual trade fair and conference covering all the key trends from geo-based information surveys and data processing to integrated applications to be held in Essen, Germany in October 2013
- BPIC is one of the more cost-efficient suppliers in its chosen market, while providing good quality, leading to superior price/quality ratios among the Chinese competitors.

The Group's weaknesses and threats are the following:

- Small teams in production and distribution limit the ability to enjoy economies of scale. Without significant increase in production and distribution capacity, BPIC will remain a niche player in the Chinese market.
- Limited product choices hinder the brand building opportunities of BPIC. The Company recognises this and intends to introduce more products in 2013.
- The absence of vertical integration makes BPIC dependent on core component suppliers. Orders might not be filled in time with customers being forced to seek alternative suppliers to BPIC.

Business Development

In 2012, BPIC was still putting its major business focus on developing its existing branded product business and promoting its "BPIC" brand throughout China and overseas markets at the same time. Meanwhile, BPIC is also in the midst of developing several new products to expand the Group's product offering to strengthen its brand. By entering into the capital markets through a listing in Frankfurt Stock Exchange in November, BPIC was first introduced to the world of investors and hopes to expand its brand name in Europe.

3. Results of Operations, Net Assets and Financial Position

3.1 Results of Operations

In kEUR	FY 2012	FY 2011	+/- %
Revenue	7,176	4,180	71.7
Cost of sales	(3,105)	(1,853)	67.6
Gross profit	**4,071**	**2,327**	**74.9**
Other operating income	11	67	-83.6
Selling and distribution expenses	(9)	(8)	12.5
Administrative expenses	(741)	(47)	1,476.6
Operating profit	**3,332**	**2,339**	**42.4**
Finance income	152	-	100.0
Finance costs	(1)	-	100.0
Profit before income tax	**3,483**	**2,339**	**48.9**
Income tax expense	(956)	(531)	80.0
Profit for the year	**2,527**	**1,808**	**39.8**
Selective Financial data			
Gross profit margin	56.7%	55.7%	1.0
EBITDA margin	50.5%	59.5%	-9.0
Net profit margin	35.2%	43.3%	-8.1

3.1.1 Revenue

BPIC's revenues increased from kEUR 4,180 in the financial year 2011 by 71.7% to kEUR 7,176 in the financial year 2012. The increase was mainly attributed to the stronger growth in the Branded Product Business segment which was driven by the strong demand of surveying instruments in PRC and higher orders from returning non-affiliated distributors.

kEUR	FY 2012	FY 2011	+/- %
Branded Product Business	5,633	2,692	109.2
ODM Business	1,543	1,488	3.7
Total	**7,176**	**4,180**	**71.7**

3.1.2 Cost of sales

Cost of sales comprises cost of purchased service for ODM business, core components cost, labour costs for personnel employed in production, depreciation of property, plant and equipment used for production purposes, operating lease expenses etc.

kEUR	FY 2012	% of total	FY 2011	% of total
Processing fees for ODM	542	17.5%	613	33.1%
Core Components	1,995	64.2%	959	51.8%
Salary	51	1.6%	31	1.6%
Depreciation	293	9.4%	146	7.9%
Others	224	7.3%	104	5.6%
Total	**3,105**	**100.0%**	**1,853**	**100.0%**

Cost of sales increased from kEUR 1,853 in the financial year 2011 by 67.6% to kEUR 3,105 in the financial year 2012. The increase of the cost of sales was in line with the growth in revenue for our Branded Products sales during the period.

Included in the cost of sales is research and development expenditure, amounted to kEUR 12 (2011: kEUR 15). Currently, BPIC focus its efforts on increase sales volume of its products and make slight improvement on existing products, thus these explains the low research and development expenditure during the year. In the future, it planned to make more investment in research and developments activities to expand its product line.

3.1.3 Gross profit margin analysis

The gross profit margin remained consistent at 56.7% in 2012 (2011: 55.7%). In 2012 and 2011, BPIC did not increase the selling price of its products. The low cost structure of BPIC allows its product prices to remain competitive in the market. Furthermore, the cost of raw materials and core components stayed flat during 2012, which contributed to a consistent gross profit margin.

3.1.4 Sales and distribution expenses

Selling and distribution expenses are mainly transportation expenses for the delivery of goods to regional dealers. All BPIC products were sold in batch directly to distributors, who subsequently re-sold them to end customers e.g. private and governmental surveying, construction and engineering companies. This enabled BPIC to keep its costs of distribution low even though the Group's sales increased dramatically. This approach has also contributed to BPIC's low marketing and sales expenses, as BPIC did not incur costs for its own distributors.

3.1.5 Administrative expenses

The administrative expenses largely consist of audit fees, administration staff salaries, rental expenses of the administrative office, utilities etc. In the financial year 2012, the Group incurred additional salaries for the members of the Management Board of kEUR 196. In addition, in the context of the listing of the Company's shares on the Entry Standard, additional audit fees of kEUR 134 (2011: nil) and legal and consultation fees of kEUR 166 (2011:nil) were incurred.

3.1.6 Finance income

Finance income represents interest received from a loan to the Chairman of the Management Board. The interest is calculated on a 6-month basis at 8% per annum. This loan was approved by the Supervisory Board for a duration of 2 years ending 31 December 2013.

3.1.7 Income taxes

For the financial years 2012 and 2011, BPIC's PRC charge for income taxes reflected an effective tax rate of 27.5% and 22.7% respectively. The higher effective tax rate in 2012 was attributed to the losses in BPIC AG and BPIC HK as well as certain tax adjustments during the year. Further details on the reconciliations items are disclosed in Note 11 to the financial statements. The increase in income tax expense from EUR 530,960 by 80.1% was generally explained by the strong operating pre-tax profits in the financial year 2012.

3.1.8. Key figures by segments

kEUR	FY 2012	% of total	FY 2011	% of total
Branded products business	5,633	*78.5*	2,692	*64.4*
ODM business	1,543	*21.5*	1,488	*35.6*
	7.176	***100.0***	**4,180**	***100.0***

Branded product business

It is management intention to increase brand recognition and broadening its distribution network, which had attributed to the increase in revenue from Branded products. Total revenue from branded products business represented 78.5% and 64.4% of total revenue, for 2012 and 2011, respectively, increased by 14.1%.

Sales for branded products during the period of review:

Products	FY2012 Units	FY2011 Units	Average price Per unit (EUR)
Electronic Theodolite (DT-2)	5,588	3,507	335 – 370
Electronic Theodolite (DT-5)	2,224	2,293	310 - 345
Laser Electronic Theodolite	218	41	360 – 390
Electronic Total Station	2,205	633	1,220 – 1,350
Construction Cross-Line Laser (VH21)	3,015	2,196	60 – 75
Construction Cross-Line Laser (VH41)	2,596	1,538	85 – 100
Total	**15,846**	**10,208**	

In 2012 and 2011, the product price remained fairly constant, which resulted in a strong price competitiveness in the Chinese market.

ODM Business

ODM business for 2012 and 2011 mainly comprised design and manufacture surveying instruments under customers' brand name and sales of software. As BPIC focus more on the branded product business, it explained the drop in the contribution (in terms of percentage of overall sales) of the segments in comparison to 2011. However, in terms of volume, the ODM business remained comparable to the prior year (albeit with slight fluctuation), as BPIC mainly dealt with repeat orders from existing customers.

3.2 Assets and Liabilities

	31 December 2012	31 December 2011	Variance	
	kEUR	kEUR	kEUR	%
Non-current assets				
Plant and equipment	5,193	1,832	3,361	183.5
Current assets				
Inventories	356	601	(245)	(40.7)
Trade and other receivables	2,855	1,346	1,509	112.1
Amount due from a related party	1,536	974	562	57.7
Cash and cash equivalents	225	89	136	152.8
	4,972	**3,010**	**1,962**	**65.2**
Total Assets	**10,165**	**4,842**	**5,323**	**109.9**
Share capital	5,154	5,000	154	3.0
Share premium	96	-	96	100.0
Retained earnings	(967)	(3,435)	(2,468)	71.8
Reserves	243	323	(80)	(24.8)
Total equity	**4,526**	**1,888**	**2,638**	**139.7**
Current liabilities				
Trade and other payables	**3,581**	**1,807**	**1,774**	**98.2**
Provision	**4**	**-**	**4**	**100.0**
Tax liabilities	**2,054**	**1,147**	**907**	**79.1**
	5,639	**2,954**	**2,685**	**90.9**
Total equity and liabilities	**10,165**	**4,842**	**5,323**	**109.9**

3.2.1 Non-current assets

Non-current assets comprise mainly machines and office equipment. Plant and equipment increased from kEUR 1,832 to kEUR 5,193 due to the additional purchases of production and mould equipment for the expansion of BPIC's production capacity and new products. These include prepayments of kEUR1,797 made to vendors in connection with the acquisition of new equipment and a production line.

3.2.2 Current assets

Inventories comprise raw materials and finished goods. The decrease from kEUR 601 as at 31 December 2011 to kEUR 356 as at 31 December 2012 was caused by higher sales toward the end of 2012.

Trade and other receivables increased by kEUR 1,509 to kEUR 2,855 as at 31 December 2012 as compared to previous year of kEUR 1,346. The increase was largely attributed to (i) increase in accounts receivable by kEUR 1,435 due to higher sales at the last quarter of the financial year 2012; (ii) temporary extension of credit period for some long-term distributors to serve their government orders.

3.2.3 Amount due from a related party

Amount due from a related party represents an interest-bearing loan to the Chairman of the Management Board, Wei XIE, who is also BPIC's ultimate controlling shareholder. The loan has been approved retrospectively for 2012 and also for 2013 by the Supervisory Board. As at reporting date, the full amount due to the Group has been settled.

3.2.4 Equity

Capital and reserves increased by kEUR 2,638 to kEUR 4,526 in the financial year 2012 mainly due to the profit generated during the year of kEUR 2,527. During the year, the share capital and share premium increased by kEUR 250 due to the incorporation of the German holding company. The remaining movements relate to changes in reserves arising from the translation of the functional currencies to the Group's presentation currencies.

3.2.5 Current liabilities

Current liabilities consist of trade payables as well as accruals for sales and income taxes. Total current liabilities increased by kEUR 2,685 as compared to previous year largely due to accruals for income taxes to be paid (kEUR 2,063). All taxes have been fully computed and accrued based on the applicable tax rate pursuant to the relevant tax laws and regulations in the PRC.

3.2.6 Working capital

BPIC is closely monitoring its working capital at all times to ensure a sufficient cash flow to operate its business and to settle all liabilities as and when they fall due. As at the balance sheet date, BPIC had no bank borrowings. All operating cash outflows and capital expenditures are financed by funds generated by BPIC's operating activities.

3.3 Financial Position

kEUR	FY 2012	FY 2011
Cash flows from operating activities		
Profit for the year before taxation	3,483	2,339
Net cash from operating activities	**3,504**	**2,358**
Cash flows from investing activities		
Net cash used in investing activities	**(3,556)**	**(829)**
Cash flow from financing activities		
Net cash provided by/(used in) financing activities	**251**	**(1,516)**
Net increase in cash and cash equivalents	**199**	**13**
Cash and cash equivalent at the beginning of the year	**89**	**70**
Effect of foreign exchange changes	(63)	6
Cash and cash equivalents at the end of the year	**225**	**89**

3.3.1 Net cash from operating activities

Net cash from operating activities increased from kEUR 2,358 in the financial year 2011 by kEUR 1,146 (48.6%) to kEUR 3,504 in the financial year 2012. The increase was mainly attributable to significant increase in cash resources used to finance increasing working capital needs, partially offset by an increased profit before tax.

3.3.2 Net cash used in investing activities

Net cash used in investing activities comprises mainly the acquisition of production equipment and mould equipment for business expansion and expanding production volume. As such, net cash used in investing activities increased from kEUR 828 in the financial year 2011 to kEUR 3,556 in the financial year 2012.

3.3.3 Net cash generated from financing activities

Amount of cash generated from financing activities for the financial year 2012 were related to proceeds from issuance of new shares to our shareholders as part of the formation of the German holding company. Although the shares in BPIC started trading on the German Stock Exchange in November 2012, no additional funds were generated for the group as part of the IPO. In the financial year 2011, kEUR 1,516 dividends were declared and paid.

4. Other factors that impacted on results

4.1 Products and Brand

In the financial year 2012, BPIC sold 4 types of products with a total of 6 different models, namely, Electronic Total Station, Electronic Theodolite (including 2 models), Laser Electronic Theodolite and Construction Cross-Liner Laser (including 2 models) under “BPIC” brand.

Electronic Total Station

Product Features:

- Determine the coordinates of target subject relative to the total station's position.
- Extremely long measuring range (w/ Reflector: 5 km; Reflectorless: 350 m)
- Industry leading "Absolute Encoding" angle measuring technology
- Angle measurement precision: 2''
- Distance measurement precision: ±2mm+2ppm
- Multiple Data Communication interfaces (TF-Card & USB port)

Electronic Theodolite (including 2 models: DT-2 and DT-5)

Product Features:

- Measures the horizontal subtended angle of 2 target subjects to the theodolite station and the vertical angle between the line of sight of the telescope and the horizontal plane.
- Industry leading "Absolute Encoding" angle measuring technology
- Angle measurement precision: 2''

Laser Electronic Theodolite

Product Features:

- Same as Electronic Theodolite but equipped with laser beam which can improve the aiming precision
- Laser beam range can reach 200m
- Industry leading absolute encoding angle measuring technology
- Angle measurement precision: 2''

Construction Cross-Line Laser (including 2 models: VH21 and VH41)

Product Features:

- Project horizontal and vertical straight line on wall, floor or ceiling for interior layout
- To choose: Either 2 horizontal and 1 vertical laser beam lines or 4 horizontal and 1 vertical laser beam lines
- Precision: 1mm / 7m

4.2 Research & Development

BPIC recognizes the importance of having modern and up-to-date product designs and functions in ensuring its sustainable competitiveness in the surveying instruments industry. BPIC's surveying instruments are designed and developed by BPIC's in-house R&D department. Market research, technological trends, feedback of BPIC's customers (i.e. regional dealers) is taken into consideration when developing new designs and products. New designs are developed using computer design software and by experimenting with various core components.

In the financial year 2012, the R&D team has developed 3 new products readily to be launched in the market in 2013 e.g. Window-CE total station, hand-held distance meter, high-precision GPS receiver.

4.3 Core Components Procurement

The production of BPIC's surveying instruments requires various core components such as vertical axle, horizontal axle, telescope tube etc. in a large amount. Such core components are procured from external suppliers by the procurement staff of BPIC's production department.

In the financial year 2012, the limited supply of core components resulted in BPIC's assembly line not running at full capacity despite pending orders. BPIC plans to expand upstream of the industry chain by purchasing related machineries and equipment to process the core components in-house.

4.4 Assembling / Production

The different parts of components are assembled together manually by staff in BPIC's own production plant in Changping District, Beijing, the PRC with a combined built-in area of approximately 1,000 sq. meters

To cope with the increasing demand of its surveying instruments given the strong order book on hand, BPIC plans to increase its assembling capacity by installing 2 new semi-automatic assembly lines.

4.5 Sales & Distribution

BPIC has an extensive, established and nation-wide regional dealer's network to distribute its branded products in the PRC. BPIC also indirectly exports its products to overseas markets through regional dealers. To BPIC's best knowledge, approximately 20% of the branded products sold to regional dealers were further exported to foreign countries such as United States, Canada, Germany, Brazil, South Africa, Russia, India, Thailand and Malaysia in the financial year 2012. As of 31 December 2012, the total number of contracted distributors was 103.

4.6 Employees

The number of employees at the close of 31 December 2012 stood at 21 (2011: 19). BPIC retains a group of experienced and talented people to take the Group forward. All employees received on-the-job training and hands on guidance from the members of the Management Board.

5. Remuneration System

5.1 The agreed remuneration of the Members of the Management Board

The agreed remuneration structure is appropriate taking into account the size, the activity and the economic and financial situation of BPIC. Remuneration for the members of the Management Board comprises only fixed remuneration during the period under review.

	FY 2012	FY 2011
Mr. Wei, XIE (Managing Director)	151,703	-
Took Jwee, NGOH (CFO)	44,533	-
Total	**196,236**	**-**

During the year, other members of the Management Board, Ms. Yan ZHAO and Mr. Gunnar BINDER were not entitled to and did not receive any remuneration from the Group.

5.2 Remuneration of the Members of the Supervisory Board

Given that the Supervisory Board was established in August 2012 with the services being performed by them for a relatively a short period of time, no remuneration has been paid to Supervisory Board members. The remuneration for the Supervisory Board for 2013 will be proposed for approval in the Annual General Meeting in 2013.

6. Opportunities and risk report

The Group is closely monitoring the internal and external risks that could potentially have negative impact to the business and operating results of BPIC Group. The Group has identified the following internal and external risks as well as opportunities. In view of these risk factors whose probability of occurrence is difficult to predict, but which nonetheless might have a negative impact on the Group's trading, financial and earnings positions, the management has adopted numerous sustainable measures to avoid or minimise such risks.

6.1 Risk policy

Due to the size of the Company and the Group, BPIC has not yet established a formal risk management system and early risk detection system as promulgated by Section 91 of the Germany Stock Corporation Law. Management recognise the need and importance of establishing such a risk management system, and will continue its effort to develop and implement a risk management system in 2013.

6.2 Risk Management System

Management relies on day-to-day observations, constant feedback from its customers and suppliers as well as interest-related parties to identify and detect risk indicators for the environment in which the Groups operates. These risks are assessed particularly with regard to their likelihood of happening and the magnitude of their impact on the Group. This information will be considered in the Group's execution of strategies and policies.

6.3 Opportunities management

Opportunity and risk management are closely interlinked within BPIC. BPIC essentially derives its opportunity management from strategies of its business segments and ensures an appropriate relationship between opportunity and risk. Management Board is responsible for the early and regular identification, analysis and management of opportunities. Management is constantly aware of local and international developments, especially on factors that affect the critical success of the Company. BPIC relies on an opportunity-oriented approach in decision making with considerations of related risks that come with these opportunities.

Internal Risks

6.4 Failure to establish distribution network

BPIC highly depends on its regional network of unaffiliated dealers for domestic and overseas sales of surveying instruments. The sales through its regional dealers represent the revenue from BPIC's principal business segment, i.e. designing, manufacturing and selling surveying instruments under its own "BPIC" brand ("Branded Products Business").

If a regional dealer terminates or does not renew its agreement with the Group, BPIC may not be able to replace it with a new dealer in a timely manner or the replacement dealer may not be able to manage the same network of third-party retailers of similar scale. In addition, the regional dealers might not be successful in selling the products or BPIC might not be efficient in supervising and managing the regional dealers.

On this aspect, BPIC maintains a strong business relationship with all regional dealers and entered into long-term agreements with all key regional dealers. BPIC has also set a high standard in assessing and selection of new dealers in order to maintain strong distribution networking around China. In addition, BPIC continues exploring new dealers to ensure sufficient coverage of its sales network at all times.

6.5 Risk of expansion strategy failure

BPIC might fail to execute its development plans successfully and manage its growth efficiently. BPIC has expanded its business significantly and intends to further advance such growth by expanding its production capacity, enhancing its product portfolio, increasing brand recognition and broadening its distribution network etc. However, there can be no assurance that BPIC may, in part or at all, be successful in these activities.

Many strategic goals which are planned by BPIC require high initial expenditures as well as on-going expenditures. Such investments can only be operated profitably if their sufficient utilization is warranted by corresponding demand.

<u>Operation risks</u>

6.6 Dependence on limited number of key suppliers

BPIC is dependent on its major suppliers of core components for its production of surveying instruments. There can be no assurance that BPIC is able to reduce its dependence on its major suppliers over time or will be able to find alternative suppliers who can provide the same level of quantity and / or quality. If its suppliers were to be unable to deliver the required quantity of core components to BPIC, BPIC may not be able to fulfil its customers' orders on time or at all and face loss of reputation, damage claims and a loss of turnover and profit.

Management will apply detailed scrutiny on its selection of suppliers to work with, to ensure only quality and reliable suppliers are selected. In addition, BPIC will continue to invest in machines and upgrade existing ones to expand its production capacity and to reduce its dependence on suppliers. Finally, BPIC normally engages multiple suppliers to ensure the availability of material supply and to limit dependencies.

External risks

6.7 Market competition risks

BPIC operates in a highly competitive market and the current level of or potentially increasing competition may result in a decline in its market share, turnover and / or gross profit. Numerous domestic Chinese and international brands compete with each other based on, amongst other things, brand loyalty, product variety, product design, product quality and price.

Competitors may also position their brand at the same level and target the same market segment as BPIC. Moreover, many of BPIC's competitors are larger and have achieved greater recognition of their brands, have captured higher market share and/or have substantially better financial, marketing, distribution and other resources than BPIC.

In order to cope with the competition, the Group maintains a highly experienced and talented team to ensure the continuation of products improvements and the launch of new products. This will enable BPIC to deliver products with high quality at an affordable price, which the management recognised as the key driver to compete, sustain and grow the business.

6.8 Changing technology trends

BPIC may not be able to respond to changing technology trends and produce commercially viable products or gain access to new technology. The Group is of the opinion that BPIC's success depends on its ability to keep abreast of, and to anticipate and react effectively to, rapidly changing technological trends in a timely manner.

The launch and development of each new product line and design involve considerable time and resource commitments. It cannot be ruled out that any new product line or product design that BPIC will launch in the future might not be commercially viable or successful and might be unable to generate a positive cash flow. Further, it cannot be ruled out that BPIC may not have access to new vital technology.

BPIC has established a strong research and development team, which play an important role in continuation on innovating and designing new and existing products to meet customers' needs. Frequent feedback on the products are obtained from distributors for improvement purposes.

Management recognise that BPIC needs to produce designs and functions that appeal to BPIC's customers' target market. In line with this, BPIC constantly stays alert to the technology developments in the industry and other related industries for any opportunities to tap in to.

6.9 Intellectual property ownership and rights

Since the design and production of BPIC's products involve numerous software and hardware technologies, the protection of its software and hardware technology is very important to BPIC's success and competitive position. Up to now, BPIC has taken steps to protect its technology by patents and by registering a number of copyrights of its own developed computer software and control systems. However, there is no complete protection of BPIC's technology and know-how and BPIC did not register its trademark "BPIC". Accordingly, there is a risk of third parties copying the technology and/or know-how of BPIC without BPIC being able to claim permanent injunction or damages based on these infringements and therefore reducing BPIC's market share. Further, it cannot be excluded that BPIC's technology and know-how infringe third party rights, which could lead to claims for permanent injunction and damages by these third parties against BPIC. Management obtained clearance to register its trademark in China and will arrange for registration of its trademark in other markets in which the Group intends to sell its products.

6.10 Risk specified to BPIC AG

BPIC AG is a holding company without any operating business of its own. The Group's assets are largely located in China. Accordingly, BPIC Group is facing risks related to the political, social and legal environment of the China. Those risks include inherent uncertainties and inconsistencies in the country's legal system including national taxation laws, a potential destabilization of the political and/or economic system and China regulations pertaining to loans and capital investments by offshore parent companies delaying or preventing BPIC from using proceeds for investments in the China.

Current Chinese regulations permit the payment of dividends only out of accumulated profits determined in accordance with Chinese accounting standards and regulations. In addition, a subsidiary of the company, is required to set aside at least 10% of its after tax profits each year to fund a statutory reserve fund until such reserves in aggregate reach 50% of its registered capital. The reserve is not distributable as cash dividends.

Under Chinese foreign exchange rules and regulations, payments of current account items, including profit distributions and operating related expenditures, may be made in foreign currencies without prior approval but are subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with the State Administration of Foreign Exchange (``SAFE'') or its local counterparts, and repayment of loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

Should any of the Chinese subsidiaries of BPIC be, or become, restricted and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on the Group's subsidiaries/holding company outside China.

Management recognise these risks and will continue to monitor the development of the political and legal environment in China. Any adverse or potential changes will be dealt according and if necessary, external assistance will be sought to mitigate the risk mentioned.

6.11 Fluctuation of foreign exchange rates

Fluctuations in foreign exchange rates of the Renminbi currency may materially and adversely affects BPIC's future financial condition and results of operations, in particular because its operating currency is RMB whilst its consolidated financial statements are prepared in EUR.

A devaluation of the RMB against the EUR would have an adverse currency translation effect on the Company's consolidated financial statements and the value of the potential dividend payments by the Company to its shareholders in the future. On the other hand, a strengthening RMB may harm the competitiveness of PRC exporters as it causes the price of PRC produced goods to be relatively higher as compared to others. Both developments can negatively affect the growth of the PRC surveying instruments manufacturers like BPIC.

The management will continue to monitor the currencies trend and when necessary apply required changes in the approach to mitigate these risks. At the movement, all of the business transactions of BPIC are mainly transacted in Reminbi and BPIC foresee the strong currency trends will benefit the results.

Opportunities

6.12 Key competitors in China are state-owned

Since the mid-end surveying instruments market in China is mainly dominated by local Chinese manufacturers who have a state-owned or state-investment background, BPIC enjoys cost advantage thanks to its more flexible corporate hierarchy and the resulting higher operating efficiency. BPIC will continue its efforts to monitor and benefit from these favorable conditions.

6.13 Increasing overseas demand for quality and affordable surveying instruments

Rapid technological advancement in China has facilitated product innovation and has greatly improved the quality of PRC products. Chinese players are able to offer up to standard mid-end products compared to their international counterparts. Since target customers of mid-end segment are generally price sensitive provided that the products are of acceptable quality, China-produced surveying instruments are beginning to gain acceptance in the international market due to their competitive pricing. With other international players in the market having higher cost structures, the management expects BPIC to offer the highest price-to-quality products compared to other competing products, which should contribute to the Group's development.

6.14 China economic reform that encourage high and advanced technologies sector

One of the current goals of China's economic reformation is to encourage local invention and innovation especially in the high and advanced technologies sector. As surveying instruments fall within the scope of the new generation of information technology and advanced equipment manufacturing, it is widely expected that the Chinese surveying instruments industry as a whole and therefore BPIC should be in position to benefit from potential incentives (including favourable policies, tax rebates, and other benefits) during the course of the economic reformation in China.

6.15 Assessment of overall risk situation for the Group

The main potential risks to the future developments of the Group are posed in particular by risks arising from failure of its distribution network and dependence on a limited number of key suppliers. In additions, the success of the expansion plan undertaken by the Group is one of the key factors in determining the future growth of the Group.

7. Report on Events after the Reporting Period

Effective 19 June 2013, Mr. Phillip MOFFAT resigned from the Chairman of Supervisory Board. By means of resolution dated 28 June 2012, the Supervisory Board Meeting appointed Mr. Matthias SCHROEDER as the new Chairman of the Supervisory Board.

As of the reporting date, the advances to the Chairman of Management Board have been fully settled. Other than those disclosed above, there is no other event material to the financial position or financial performance of the Group that occurred after the reporting date.

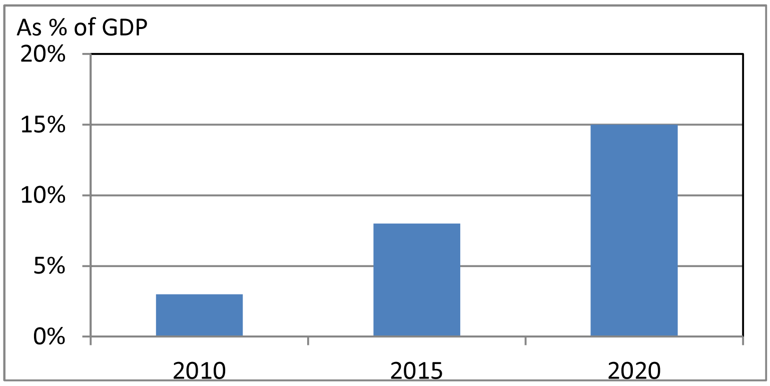
8. Forecast Report

8.1 Macroeconomic Outlook

Despite China setting a 7.5% GDP growth target for 2013, China's new leaders, President Xi Jinping and Premier Li Keqiang, are looking for more sustainable long-term growth in the Chinese economy, by directing an economic reform to promote the development of seven high value-added strategic emerging industries including new generation information technology and advanced equipment manufacturing.

The seven strategic sectors, accounted for about 3 percent of GDP at the end of 2010. The Chinese government wants the seven strategic industries to generate 8 percent of the Chinese GDP in 2015 and 15 percent by 2020.

Figure 1. Target GDP contribution by the 7 strategic emerging industries



Source: China Government

At the same time, the People's Bank of China (PBOC) has indicated its intention to maintain sufficient liquidity in the capital market. Mr. Zhou Xiaochun, the Governor of the PBOC, reiterated that the PBOC will use all kinds of tools to appropriately adjust liquidity in the market and maintain the overall stability of the market.

8.2 Surveying Instruments Market Outlook

Surveying instruments fall within the scope of China's new generation information technology and advanced equipment manufacturing. Thus, BPIC expects the surveying instruments industry to benefit during the course of development of China's economic reform.

The Swedish global surveying instruments leader Hexagon AB remains positive and expects the overall sales of surveying instruments for surveying and construction purposes (the areas where BPIC's products are mainly used) in China would record over 8% growth. This concurs with BPIC's recent communication with other industry players.

8.3 Company Outlook

In addition to continual development in the China market, BPIC considers the second half of 2013 a good timing to be more aggressive in terms of its global expansion as the international surveying instrument market is also reviving. As a next step of the global expansion plan, BPIC will participate in this year's Intergeo, to be held in Essen, Germany, in October, to make use of this largest industry platform to showcase its products to potential customers coming from all over the world. BPIC believes its products' excellent price-to-quality ratio would draw potential buyers' attention and would help BPIC gain a foothold in the international market.

Other than its participation in the Intergeo, BPIC is having negotiations with a number of international players about potential cooperation in different areas to lower its risk and to speed up its penetration of markets outside China.

To cope with the expected increase in its product demand, BPIC is trying to enhance production capacity through outsourcing some less important processing procedures. BPIC's research and development team has been working very hard to facilitate the changes. Apart from that, BPIC's research and development team is also developing new products to improve its product portfolio. BPIC has a new product development schedule and it expect to launch a number of new products every year. In this year, amongst all new products, BPIC expects handheld distance meter, equipment for measuring distance targeting household users, would be the most eye-catching new product.

BPIC expects the strong industry growth bodes well for the Group and therefore confident that BPIC is well positioned to benefit from this industry uptrend. Management expects the Group to have improved liquidity and sales growth as well as new product offerings, both in 2013 and 2014.

With all the efforts that have been made and the future planning, management believe they have laid a good foundation for the growth of the Group not only for this year but for many years to come.

Hamburg, 28 August 2013

Wei XIE Took Jwee NGOH Yan ZHAO

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the financial year ended 31December 2012

	Notes	FY 2012 EUR	FY 2011 EUR
Revenue	6	**7,176,005**	**4,179,541**
Cost of sales		(3,105,412)	(1,852,670)
Gross profit		**4,070,593**	**2,326,871**
Other operating income	7	10,614	66,892
Selling and distribution expenses		(9,227)	(8,155)
Administrative expenses		(740,314)	(46,784)
Operating profit		**3,331,666**	**2,338,824**
Finance income	8	151,703	-
Finance costs	8	(585)	(159)
Profit before income tax	9	**3,482,784**	**2,338,665**
Income tax expense	11	(956,187)	(530,960)
Profit for the year, attributable to owners of the parent		**2,526,597**	**1,807,705**
Other comprehensive income:			
Currency translation differences		(107,281)	250,883
Total comprehensive income for the year, attributable to owners of the parent		**2,419,316**	**2,058,588**
Earnings per share			
Basic	12	**0.50**	**0.36**
Diluted	12	**0.50**	**0.36**

Consolidated statement of financial position

As at 31 December 2012

	Note	31 December 2012	31 December 2011
		EUR	EUR
ASSETS			
Non-current assets			
Plant and equipment	14	**5,192,781**	1,831,683
Current assets			
Inventories	15	356,135	600,894
Trade and other receivables	16	4,390,650	2,320,342
Cash and cash equivalents	17	225,124	88,920
		4,971,909	**3,010.156**
Total Assets		**10,164,690**	**4,841,839**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	18	5,154,646	5,000,000
Share premium	19	95,881	-
Retained earnings		(967,621)	(3,434,938)
Reserves	20	242,729	323,005
Total equity		**4,525,635**	**1,888,067**
Current liabilities			
Trade and other payables	21	3,580,906	1,806,570
Provision	22	4,500	-
Current tax liabilities		2,053,649	1,147,202
		5,639,055	**2,953,772**
Total equity and liabilities		**10,164,690**	**4,841,839**

Consolidated statement of cash flows

For the financial year ended 31 December 2012

	FY 2012 EUR	FY 2011 EUR
Cash flows from operating activities		
Profit for the year before taxation	3,482,784	2,338,665
Adjustments for:		
Depreciation of plant and equipment	294,704	148,043
Share based payment	22,500	-
Interest Income	(151,703)	-
Plant and equipment written off	-	4,496
Operating profit before working capital changes	**3,648,285**	**2,491,204**
Decrease in inventories	243,866	10,333
Increase in trade and other receivables	(2,202,569)	(645,167)
Increase in trade and other payables	1,825,097	502,382
Cash generated from operations	**3,514,679**	2,358,752
Income tax paid	(10,193)	(999)
Net cash from operating activities	**3,504,486**	**2,357,753**
Cash flows from investing activities		
Purchase of plant and equipment	(3,722,162)	(828,488)
Acquisition of subsidiary, net cash acquired	14,611	-
Interest income received	151,703	-
Net cash used in investing activities	**(3,555,848)**	**(828,488)**
Cash flows from financing activities		
Proceeds from issue of shares	250,527	-
Dividend paid to owners of the Company	-	(1,516,250)
Net cash used in financing activities	**250,527**	**(1,516,250)**
Net increase in cash and cash equivalents	199,165	13,015
Cash and cash equivalents at the beginning of the year	88,920	70,275
Effect of foreign exchange changes	(62,961)	5,630
Cash and cash equivalents at the end of year	**225,124**	**88,920**

Consolidated statement of changes in equity

For the financial year ended 31 December 2012

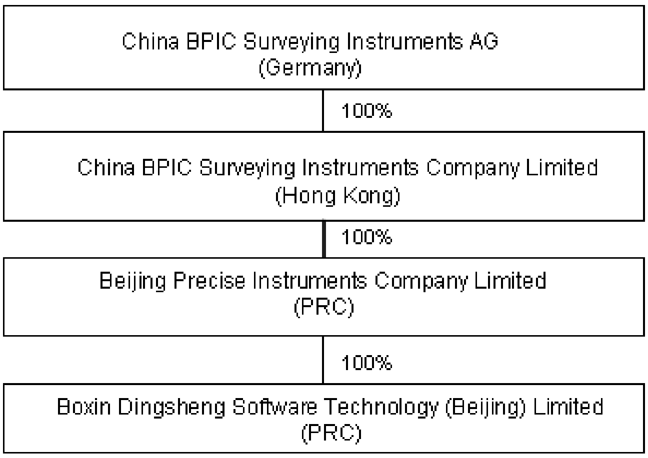
	Share capital EUR	Share premium EUR	Retained earnings EUR	Reserve EUR	Total Equity EUR
	(Note 18)	(Note 19)		(Note 20)	
1 January 2011	5,000,000	-	(3,726,393)	72,122	1,345,729
Total comprehensive income for the year	-	-	1,807,705	250,883	2,058,588
Dividend declared (Note 13)	-	-	(1,516,250)	-	(1,516,250)
31 December 2011 / 1 January 2012	**5,000,000**	**-**	**(3,434,938)**	**323,005**	**1,888,067**
Total comprehensive income for the year	-	-	2,526,597	(107,281)	2,419,316
Transfer to statutory reserves	-	-	(4,505)	4,505	-
Share based payment	-	-	-	22,500	22,500
Issue of share	154,646	95,881	-	-	250,527
Reverse acquisition	-	-	(54,775)	-	(54,775)
31 December 2012	**5,154,646**	**95,881**	**(967,621)**	**242,729**	**4,525,635**

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2012

1. General Information

The Group mainly engages in manufacturing and distribution of surveying instruments in China ("PRC"). The Group sells its own branded products via regional distributors in the PRC. The registered office of the Group is located in Schopenstehl 22, 3rd floor, 20095 Hamburg, Germany. The principal place of business of the Group is located in Room 413, Longuan Property Mansion, Huilongguan West Street, Changping, Beijing, PRC. The Group structure as at the reporting date is as follows:



BPIC AG through BPIC HK indirectly holds 100% of the shares in BPIC Surveying Instruments Company Limited (herein referred to as BPIC PRC) and Boxin Dingsheng Software Technology (Beijing) (herein referred to as Boxin Dingsheng).

The Group was founded in 2003 by Mr. Wei XIE, who is also the ultimate controlling party of the Group. During 2012, a series of transactions between the entities under the common control of Mr. Xie took place to enable the Group to be listed in the Entry Standard of the German Stock Exchange. In January 2012, BPIC HK acquired 100% of shares in BPIC PRC for a consideration of RMB500,000. BPIC HK was indirectly held by Mr Xie through Feng Gao Co., Ltd. which is also the ultimate holding company for the Group.

China BPIC AG ("BPIC AG") was incorporated in 18 July 2012 with a cash contribution of EUR250,527 by Cobalt Handels AG, Hamburg, which is then the sole shareholder for the

Company. Subsequently in August 2012, BPIC AG issued an additional 5,000,000 shares to the shareholders of BPIC HK, in exchange for the entire share capital of BPIC HK, thereby becoming the legal parent of the Group. For accounting purposes, BPIC PRC was identified as the acquiring party in respect of both transactions. The details on the accounting treatment have been disclosed in Note 2.3.

The particulars and principal activity of the subsidiaries of the Group are disclosed as follows:

Name of company	**Owner-ship**	**Country of incorporation**	**Type of legal entity**	**Particulars of issued and paid-up capital**	**Principal activities**
China BPIC Surveying Instruments Company Limited	100%	Hong Kong	Limited liability company	Registered capital of HKD1,000	Investment holding
Beijing Precise Instruments Company Limited	100%	PRC	Limited liability company	Registered capital of RMB500,000	Manufacturing and distribution of surveying instruments equipment
Boxin Dingsheng Software Technology (Beijing) Limited	100%	PRC	Limited liability company	Registered capital of RMB100,000	Research and development of software and sales of software

The subsidiaries of the Group are audited by Grant Thornton Shanghai, PRC for the purpose of presenting the consolidated financial statements of the Group.

The consolidated financial statements for the year ended 31 December 2012 (including comparative information relating to the accounting year 2011) were approved by the Supervisory Board in its meeting of 30 August 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"), as applicable within the European Union.

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. They have been prepared using the measurement bases and accounting policies specified by IFRS and in accordance with IFRS as endorsed for application in the EU. The adoption of new or amended IFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The statement of comprehensive income has been prepared using the function of expense method.

The Group has elected to adopt IAS 1 (One-Statement Approach) by presenting 'the Statement of Comprehensive Income' in one statement.

The consolidated financial information has been prepared on the basis that in the context of the two transactions under which BPIC AG has become the legal parent of the group, BPIC PRC is the acquiring party. However, as neither of the two acquired entities constitutes a business, both transactions – which have to be regarded as transactions under common control – have been analogously accounted for in accordance with the principles of reverse acquisition accounting, on the basis that the former majority shareholders of the subsidiaries retain effective control of the Group. Consolidations measures are essentially related to equity elements in the balance sheet and do not materially affect the equity total. No goodwill rose in respect of the acquisitions. Details and accounting treatment of the transactions are further explained in Note 2.3.

2.2. Basis of consolidation

The Group consolidated financial statements consolidated those of the parent Company and all of its subsidiaries as of 31 December 2012. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. All subsidiaries have a reporting date of 31 December.

In consolidated financial statements, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the consolidated financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.3. Transaction under common control and reverse acquisition

Business combinations of entities under common control do not fall within the scope of IFRS 3. For the purpose of the exemption from IFRS 3, a business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party or parties both before and after the business combination. An entity can be controlled by an individual, or by a group of individuals acting together under a contractual arrangement, and that individual or group of individuals may not be subject to the financial reporting requirements of IFRSs. Thus a transaction involving entities controlled by the same individual –including those that results in a new parent entity – would be beyond the scope of IFRS 3.

As explained in Note 1, although the Group has changed its legal parent company from BPIC PRC to BPIC HK and finally to BPIC AG, the ultimate controlling party retains a controlling interest in the Group. Therefore this meets the definition of a transaction under common control as defined by IFRS 3.

A reverse acquisition occurs when the entities that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. IFRS require that if a new entity is formed by issuing equity interest to effect a business combination, the entity that existed before the business combination shall be identified as the acquirer. Accordingly, for accounting purposes BPIC PRC is deemed to be the acquirer in these transactions.

As neither of the two acquired entities constitutes businesses, both transactions have been analogously accounted for in accordance with the principles of reverse acquisition accounting. Accordingly, the financial statements have been prepared as if BPIC PRC had acquired BPIC

HK and BPIC AG, but are adjusted to report the issued share capital of the legal parent, BPIC AG. Accordingly, although the legal parent company, BPIC AG, was incorporated in 2012, the financial statements are prepared as a continuation of the business activities of BPIC PRC, stating financial information for the whole of the 2012 financial year and with comparative information from the 2011 financial year, under the assumption that the share capital issued by BPIC AG as part of the group reorganisation was in existence from the beginning of the prior reporting period.

2.4. Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Euro ("EUR"), which is also the functional currency of the parent Company. The financial information of the Group subsidiaries, which have different functional currencies, is translated from their respective functional currencies into EUR, using the exchange rates as follows:

	31/12/2012	**31/12/2011**
EUR vs. RMB		
Year end rate	0.1198	0.1213
Average rate	0.1231	0.1111
EUR vs.HK$		
Year end rate	0.0975	0.0994
Average rate	0.1002	0.0923

In the consolidated financial statements, foreign currency transactions are translated into the functional currency of the Group entities using the exchange rates prevailing at the dates of the transactions (spot exchange rate). At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the EUR are translated into EUR upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into EUR at the closing rate at the reporting date. Income and expenses have been translated into EUR at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2.5. Segment Reporting

The Group has adopted IFRS 8 Operating segments to report segment information. The segment information is prepared based on internal information that is regularly reviewed by Management of the Group.

2.6. Plant and equipment

Plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, as follows:

Plant and machinery	10 years
Computer and office equipment	3 - 5 years
Furniture and fixtures	5 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.7. Financial assets

The Group's financial assets include trade and other receivables, amounts due from a related party and the accounting policies are set out below.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognized when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognized on trade date. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognized based on the classification of the financial asset.

Trade and other receivables, amounts due from shareholders and amounts due from related parties are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fess that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- The disappearance of an active market for that financial asset because of financial difficulties; and

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors in the Group and, national or local economic conditions that correlate with defaults on the assets in the Group.

If any such evidence exists, the impairment loss is measured and recognized as follows:

Trade and other receivables

If there is objective evidence that an impairment loss on trade and other receivables at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in profit or loss of the period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss of the period in which the reversal occurs.

2.8. Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labor and an appropriate proportion of overheads. It excludes borrowing costs.

2.9. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10. Financial liabilities

The Group's financial liabilities include trade payables and other payables.

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in the income statement.

Trade payables and other payables

Trade payables and other payables are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method.

2.11. Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on the straight-line method over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

2.12. Share capital

Share capital represents the nominal value of shares that have been issued in the Company. Share capital is determined using the nominal value of shares that have been issued.

2.13. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Sales of services (i.e. processing services under ODM businesses) are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognized on a time-proportion basis using the effective interest method.

2.14. Impairment of non-financial assets

Plant and equipment are subject to impairment testing.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.15. Employee benefits

Retirement benefits

Retirement benefits to employees are provided through a defined contribution plan.

As stipulated by the rules and regulations of the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC. The Group contributes to the retirement plan based on the basic salaries of its employees, and has no further obligations for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

2.16. Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the tax periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax liabilities are not recognized if the temporary difference arises on investment in a subsidiary, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realized, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognized in profit and loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

2.17. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.18. Share-based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. The goods and services are then recognised in the period which they are received, together with a corresponding increase in other capital reserves in equity.

2.19. Research and development

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred.

Cost that are directly attributable to the development phase of new products and related patents are recognized as intangible assets provided they meet the following recognition requirements:

- Completion of the intangible assets is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible assets and use or sell it;
- The Group has ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical , financial and other resources to complete the development and to use or sell the intangible assets; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Until 31 December 2012, development costs have not met all these criteria for capitalisation and as a result, they are expensed as incurred.

2.20. Related parties

For the purposes of these financial statements, a person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

For the purposes of these financial statements, an entity is related to the Company if any of the following conditions applies:

i. the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. both entities are joint ventures of the same third party;
iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
v. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
vi. the entity is controlled or jointly controlled by a person identified as related o the company (as above); or
vii. a person identified to have control or joint control over the company has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

3.1 Changes in accounting policies

Changes in accounting policies relate to the recognition of warranty provisions. As at the reporting date, the management for the first time has recognized a provision for warranties. During the year, as the information on the historical warranty payout became available to the management, management have applied a new measurement basis for provision for warranties. This change does not represent a change in estimation but a change in accounting policies. Management believes that its estimation based on the new measurement basis presents its best estimation of future costs associated with the remediation of defects. As the amount is seen to be insignificant, no adjustments to prior periods have been made. The effects arising in the current year can be seen in Note 22.

3.2 Adoption of new and amended IFRSs

Standards, interpretations and amendments to Standards applicable for the first time on 1 January 2012

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new IFRSs") issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2012:

- Amendments to IFRS 7 Financial Instruments: Disclosures

The adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Standards, interest and amendments to Standards published that are not yet effective and not yet adopted early by the Group

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

IFRS 10 ‘Consolidated Financial Statements’ (IFRS 10)

IFRS 10 supersedes IAS 27 ‘Consolidated and Separate Financial Statements’ (IAS 27) and SIC 12 ‘Consolidation – Special Purpose Entities’. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group’s investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. Management’s provisional analysis is that IFRS 10 will not change the classification (as subsidiaries or otherwise) of any of the Group’s existing investees at 31 December 2012.

IFRS 13 ‘Fair Value Measurement’ (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Group’s consolidated financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32’s criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of ‘currently has a legally enforceable right of set-off’
- that some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Group’s consolidated financial statements from these Amendments.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The Amendments are effective for annual reporting periods beginning on or after 1 January 2013 and interim periods within those annual periods. The required disclosures should be provided retrospectively. Management does not anticipate a material impact on the Group's consolidated financial statements from these Amendments.

Annual Improvements 2009-2011 (the Annual Improvements)

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Group are summarised below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 ‘Income Taxes’ (IAS 12) and IAS 32 ‘Financial Instruments: Presentation’ (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The Annual Improvements noted above are effective for annual periods beginning on or after 1 January 2013. Management does not anticipate a material impact on the Group’s consolidated financial statements from these Amendments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1. Depreciation

The Group depreciates its plant and equipment in accordance with the accounting policy stated in Note 2.6. The estimated useful lives reflect management's estimates of the period that the Group will derive future economic benefits from the use of the Group's plant and equipment. Management reassesses the estimated useful lives at the reporting date.

4.2. Impairment of receivables

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of receivables at the reporting date.

4.3. Income taxes

The Group is mainly subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.4. Warranty claims

The Group generally offers two year warranties for its products. Management estimates the related provision for future claims based on historical warranty claims information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs. As at reporting date, where the claims costs differ by 10% from the management estimates, there will not be a significant impact to the Company's net profits for the year.

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to Management for decision making. The Group has identified two operating segments, Branded Product Business and ODM Business.

The Branded product business is selling and distributing own branded products, which comprised Electronic Theodolite (2 models), Laser Electronic Theodolite, Electronic Total Station and Construction Cross-Line Laser (2 models). ODM business represents designing and manufacturing services of components related to surveying instruments and software to other surveying instruments companies in accordance with their specifications and requirements.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Management currently identifies the Group's Branded Product Business and ODM business as operating segments. These operating segments are monitored and strategic decisions are made on the basis of segmental gross margins. Segment gross profit is defined as net sales reduced by cost of sales.

	Branded Product Business	**ODM Business**	**Total**
For 31 December 2012			
Revenue	5,633,474	1,542,531	**7,176,005**
Cost of sales	(2,380,723)	(724,689)	**(3,105,412)**
Gross profit	**3,252,751**	**817,842**	**4,070,593**
Gross profit margin (%)	***57.7***	***53.0***	***56.7***
For 31 December 2011			
Revenue	2,691,918	1,487,623	**4,179,541**
Cost of sales	(1,194,385)	(658,285)	**(1,852,670)**
Gross profit	**1,497,533**	**829,338**	**2,326,871**
Gross profit margin (%)	***55.6***	***55.7***	***55.7***

There were no transactions between reportable segments during the current and prior financial years. During the year, approximately 32.7% (2011: 9%) of the Group's segment revenue depended on a single customer. Revenue is generated in both of the group's operating segments from sales to this customer. All the Group's revenues were generated within the PRC. The gross profit disclosed in the segment reporting corresponds to the operating profit for the reportable segments.

	Branded Product Business	**ODM Business**	**Unallocated**	**Total**
Segment assets				
As at 31 December 2012	6,169,776	493,457	3,501,457	**10,164,690**
As at 31 December 2011	3,347,975	423,219	1,070,645	**4,841,839**

All of the group's non-current assets are located in the PRC. Unallocated assets represent assets that cannot be attributed to the reportable segments.

The figures presented for the Group's reportable segment are reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	Year ended 31/12/2012 EUR	**Year ended 31/12/2011 EUR**
Total gross profit for reportable segments	4,070,593	2,326,871
Total gross profit for the Group	4,070,593	2,326,871
Unallocated income and expenses of the Group	(738,927)	11,953
Operating profit	**3,331,666**	**2,338,824**
Finance income	151,703	-
Finance costs	(585)	(159)
Profit before tax	**3,482,784**	**2,338,665**
Income tax expense	(956,187)	(530,960)
Net profit for the year	**2,526,597**	**1,807,705**

The unallocated income and expenses of the Group primarily consist of other operating income /expenses and selling and administrative expenses.

6. REVENUE

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Branded product business – sale of goods	5,633,474	2,691,918
ODM business – processing services	1,542,531	1,487,623
Total	**7,176,005**	**4,179,541**

7. OTHER OPERATING INCOME

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Consulting fee	10,614	66,892

8. FINANCE INCOME AND COSTS

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Finance income:		
- loan to a related party (Note 25)	151,703	-
Finance costs :		
- other finance charges	(585)	(159)

During both years, the Group does not have any net gain/loss arising from loans and receivables and liabilities at amortised cost.

9. PROFIT BEFORE INCOME TAX

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Profit before income tax is arrived at after charging:		
Auditors' remuneration :		
- Group auditors (audit fees only)	49,385	-
- Other auditors	84,797	2,555
Cost of inventories recognized as expenses (note (i))	3,105,412	1,852,670
Depreciation of plant and equipment (note (i))	294,704	148,044
Plant and equipment written off	-	4,496
Operating lease charges on buildings (note(i))	49,466	46,671
Research & developments expense	12,229	14,962
Provision for warranty expense	5,888	-
Professional, legal and consulting fees (note (ii))	166,230	-
Share based payment	22,500	-

(i) The cost of inventories stated above in the amount of EUR 3,105,412 (prior year: EUR 1,852,670) includes the following amounts relating to depreciation expenses, staff costs, and operating lease charges.

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Depreciation expenses	293,391	145,821
Employee benefit expenses	50,891	30,657
Operating lease charges on buildings	34,639	39,493

These expenses have been included in their respective total amounts disclosed above and in Note 10.

(ii) During the year, the Group incurred professional, legal and consulting fees which relates to the group's listing on the Entry Standard segment of the Frankfurt Stock Exchange. No equity funding has been raised as a result of the listing and hence the costs have been charged to profit or loss.

10. EMPLOYEE BENEFIT EXPENSES

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Wages and salaries	258,254	40,009
Retirement benefit scheme contributions	16,467	13,097
	274,721	**53,106**

The average number of employees for the Group during the year is as follows:

	Year ended 31/12/2012	Year ended 31/12/2011
Management	3	1
Production and operations	15	15
Administrative	3	3
	21	**19**

11. INCOME TAX EXPENSE

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
The tax charge comprises:		
Current tax - PRC		
Current year	**956,187**	**530,960**

For German domiciled China BPIC Surveying Instruments AG an effective corporation tax rate inclusive of solidarity tax contribution of 15.83% and a trade tax rate of 17.15% has been assumed. As The Company did not have any assessable profit for the year ended 31 December 2012, no German corporate income taxes have been provided for.

For Hong Kong ("HK") domiciled subsidiaries, they are subject corporate tax rate of 16.5%. These subsidiaries do not have any taxable profits during the year then ended.

PRC subsidiaries are subject to PRC corporate income tax on profit arising or derived from the tax jurisdictions in which the subsidiaries of the Company operate and domiciled. During the financial year ended 31 December 2011, BPIC PRC has obtained relevant approval from the tax authorities and to enjoy preferential tax rate of 15% for the period from 1 January 2011 to 31 December 2013. The remaining PRC subsidiary is subject to corporate tax rate of 25%.

Reconciliation between income tax expense and accounting profit at applicable tax rate is as follows:

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Profit before income tax	3,482,784	2,338,665
Tax on profit before income tax, calculated at the statutory rate of 25%	870,696	584,666
Effect of preferential tax rate	(395,027)	(233,927)

Tax effect of:		
- Non-deductible expenses	364,396	180, 054
- Unused tax losses for which no deferred income tax asset was recognised	116,122	167
Income tax expense	**956,187**	**530,960**

No deferred tax has been provided in the consolidated financial statements as there are no material temporary differences. The Group has tax losses which arose in subsidiaries located in Germany and Hong Kong of EUR443,654 (2011:Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax were recognized in respect of these losses during the financial year ended 31 December 2012, due to the absence of anticipated future profits in those companies enabling their use.

12. EARNINGS PER SHARE

	Year ended 31/12/2012	**Year ended 31/12/2011**
Net profit attributable to equity holders of the Company (EUR)	2,526,597	1,807,705
Average weighted number of ordinary shares	5,053,808	5,000,000
Basic earnings per share (EUR)	**0.50**	**0.36**

Basic earnings per share have been calculated using the profit attributable to shareholders of the Company as the numerator, i.e. no adjustments to profit were necessary in 2012 and divided by the weighted average number of ordinary shares in issue during the year. By virtue of the application of the continuation method of accounting as described in note 2.3, the issued share capital of the legal parent of the group, reported as having existed during both the current and prior period reported in the consolidated financial statements has been applied in calculating the amount of the earnings per share. There are no potentially dilutive instruments in issue, such that diluted earnings per share do not differ from basic earnings per share.

13. DIVIDEND

The parent company China BPIC AG is a holding company without any significant operating business of its own. The Group's assets are largely located in PRC. Current PRC regulations permit the payment of dividends only out of accumulated profits determined in accordance with the local accounting standards and regulations. All subsidiaries of the Group in PRC are required to set aside 10% of their after-tax profits each year to fund a statutory reserve fund until such reserves in aggregate reach 50% of the corresponding registered capital. These reserves are not distributable as cash dividends.

Under PRC foreign exchange rules and regulations, payment of current account items, including profit distributions and operating related expenditure, may be made in foreign currencies without prior approval but subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with The State Administration of Foreign Exchange, and prepayment of loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

Should any of the PRC subsidiaries of the Company be or become restricted and/or unable to pay dividends or other distributions/payment outside China, this could have material adverse effects on the Group ability to distribute profits.

	Year ended 31/12/2012 EUR	**Year ended 31/12/2011 EUR**
Interim dividend declared and paid	**-**	**1,516,250**

During the year ended 31 December 2011, BPIC PRC, whom was the legal parent for the Group then, declared and paid interim dividend of EUR0.30 per ordinary share. A total dividend payout of RMB12,500,000 (equivalent to EUR 1,516,250) were made to its shareholders. By virtue of the application of the continuation method of accounting as described in note 2.3, the issued share capital of the legal parent of the group, reported as having existed during both the current and prior period reported in the consolidated financial statements has been applied in calculating the amount of the dividend per share, although the dividend reported in the prior period was actually distributed by Beijing Precise Instruments Company Limited, the group's parent company for accounting purposes.

14. PLANT AND EQUIPMENT

	Furniture and fixtures EUR	Office equipment EUR	Plant and machinery EUR	Total EUR
Cost				
1 January 2012	23,191	4,515	2,088,790	2,116,496
Additions	-	1,079	3,669,474	3,670,553
Exchange differences	(287)	(57)	(25,830)	(26,174)
31 December 2012	**22,904**	**5,537**	**5,732,434**	**5,760,875**
Accumulated depreciation				
1 January 2012	15,560	1,256	267,997	284,813
Depreciation charge	2,256	956	291,492	294,704
Exchange differences	(253)	(42)	(11,128)	(11,423)
31 December 2012	**17,563**	**2,170**	**548,361**	**568,094**
Net book value				
31 December 2012	**5,341**	**3,367**	**5,184,073**	**5,192,781**

During the year 2012, the group made prepayments amounted EUR1,797,000 (2011: nil) which have been included as additions in the plant and machinery. These relates to payment made to vendors in connection with the acquisition of equipment and a production line. As these assets were not yet available for use, no depreciation was charged to the income statement.

	Furniture and fixtures EUR	Office equipment EUR	Plant and machinery EUR	Total EUR
Cost				
1 January 2011	21,814	1,287	1,127,062	1,150,163
Additions	-	3,146	901,404	904,550
Written off	-	-	(10,796)	(10,796)
Exchange differences	1,377	82	71,120	72,579
31 December 2011	**23,191**	**4,515**	**2,088,790**	**2,116,496**
Accumulated depreciation				
1 January 2011	12,961	1,181	107,262	121,404
Depreciation charge	1,631	1	146,412	148,044
Written off	-	-	(5,392)	(5,392)
Exchange differences	968	74	19,715	20,757
31 December 2011	**15,560**	**1,256**	**267,997**	**284,813**
Net book value				
31 December 2011	**7,631**	**3,259**	**1,820,793**	**1,831,683**

Plant and equipment of the Group are solely located in PRC, where the operation of the Group resides.

15. INVENTORIES

	31/12/2012 EUR	31/12/2011 EUR
Raw materials	201,890	361,065
Finished goods	154,245	239,829
	356,135	**600,894**

16. TRADE AND OTHER RECEIVABLES

	31/12/2012 EUR	31/12/2011 EUR
Trade receivables	2,774,109	1,338,617
Amount due from a related party	1,536,029	974,089
Deposit	80,512	7,636
	4,390,650	**2,320,342**

The majority of the Group's sales are on credit with terms of 60-90 days and which are mostly covered by customers' deposits. Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	31/12/2012 EUR	31/12/2011 EUR
0-60 days	921,757	954,534
61-90 days	173,638	190,909
Over 90 days	1,678,714	193,174
	2,774,109	**1,338,617**

The directors of the Group considered that the fair values of trade receivables were not materially different from their carrying amounts because these amounts had short maturity periods on their inception.

At each reporting date the Group reviews receivables for evidence of impairment on both an individual and collective basis. As at reporting date, the Group has not determined any receivables as impaired. The impaired other receivables are due from individuals experiencing financial difficulties that were in default or delinquency of payments.

The ageing analysis of the Group's trade receivables that were past due as at the reporting date but not impaired, based on due date is as follows:

	31/12/2012 EUR	31/12/2011 EUR
0-60 days	921,757	954,534
61-90 days	173,638	190,909
Over 90 days	1,678,714	193,174
	2,774,109	**1,338,617**

As at reporting date, trade receivables were neither past due nor impaired relates to a number of diversified customers that had good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	31/12/2012 EUR	31/12/2011 EUR
Cash at banks and on hand	225,124	88,920

18. SHARE CAPITAL

The share capital of the Company consists only of fully paid ordinary shares without nominal value (nil-par shares), having a proportional amount of the subscribed capital of EUR1.00 each. All shares are equally eligible to receive dividends and repayments of capital and represent one vote at the Shareholder's Meeting of China BPIC AG.

The management board is authorised to increase the share capital of the Company with the consent of the supervisory board until 17 July 2017 once or several times by up to EUR 2,577,323 by the issue of up to 2,577,323 new nil par value bearer shares for cash or non-cash consideration. With the approval of the supervisory board, the management board is also authorised, under certain circumstances, to exclude the pre-emption rights of the existing shareholders. Accordingly, as at 31 December 2012, the company's unissued and authorized share capital amounted to EUR 2,577,323 and was EUR nil as at 31 December 2011.

The movements in the company's issued share capital are as follows:

	Number of ordinary shares	**EUR**
Issued and fully paid up:		
As at 1 January and 31 December 2011	5,000,000	5,000,000
Issued for cash on18 July 2012	154,646	154,646
As at 31 December 2012	**5,154,646**	**5,154,646**

As disclosed in Note 2.3, the consolidated financial statements were presented so that the business existed prior year the incorporation of the Company as the Company was acquired to form the Group in a reverse acquisition. Hence it is assumed that the Group has 5,000,000 ordinary shares in issue since the prior year, as consistent with the subsequent issuance of shares to shareholders of BPIC HK. During the year, the Company issued additional 5,000,000 additional shares to Feng Gao Co. Ltd. in exchange for a 100% shareholding in BPIC HK.

19. SHARE PREMIUM

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of any related tax benefits.

20. RESERVES

Movement of the reserves during the year are as follows:

	Foreign currency translation reserve	Statutory surplus reserve	Capital reserve	Total
	EUR	EUR	EUR	EUR
1 January 2011	46,622	25,500	-	72,122
Current translation difference	250,883	-	-	250,883
31 December 2011 / 1 January 2012	297,505	25,500	-	323,005
Current translation difference	(107,281)	-	-	(107,281)
Transfer to statutory reserve	-	4,505	-	4,505
Share based payment	-	-	22,500	22,500
31 December 2012	**190,224**	**30,005**	**22,500**	**242,729**

20.1 Foreign currency translation reserve

Foreign currency translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into the Group's presentation currency.

20.2 Statutory surplus reserve

In accordance with the relevant laws and regulations of PRC, the subsidiaries of the Company established in PRC are required to transfer 10% of its net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its net profit is optional. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiary subject to the approval of the relevant authorities. The reserve is not available for distribution to shareholders.

20.3 Capital reserve

The capital reserve arises from share based payments.

21. TRADE AND OTHER PAYABLES

	31/12/2012 EUR	31/12/2011 EUR
Trade payables	642,587	418,786
Other payables	247,756	50,135
VAT payables	2,525,223	1,337,649
Amount due to a related party	165,340	-
	3,580,906	**1,806,570**

All amounts were short-term in nature and hence the carrying values of other payables and accruals were considered to be a reasonable approximation of their fair values.

22. PROVISION

	31/12/2012 EUR	31/12/2011 EUR
Provision for warranty expense		
1 January	-	-
Additions	5,888	-
Payment	(1,388)	-
31 December	**4,500**	**-**

The Group generally offers two year warranties for its products. Management estimates the related costs based on historical claims information. Claims are usually settled between one to six months from sales.

23. OPERATING LEASE COMMITMENTS

At reporting date, the total future minimum lease payments under non-cancellable operating leases in respect of buildings were payable by the Group as follows:

	31/12/2012 EUR	31/12/2011 EUR
Within one year	48,227	42,542
In the second to fifth years	36,528	59,699
	84,755	**102,241**

24. CAPITAL COMMITMENTS

	31/12/2012 EUR	31/12/2011 EUR
Within one year	599,000	-

As at reporting date, The Group has a contractual commitment to construct a semi-automated production line of EUR 599,000.

25. RELATED PARTY TRANSACTIONS

The following persons and entities are considered to be the related parties of the Group:

Related parties	**Type of business**	**Principal activities and place of incorporation**	**Relations to BPIC**
Feng Gao Ltd.	No material actual business activity	Investment holding, incorporated in British Virgin Islands.	Parent company
Wei XIE			Chairman of the Management Board, sole shareholder of Feng Gao Co., Ltd., ultimate controlling party of BPIC who owns 67.9% of BPIC.
Yan ZHAO			Member of Management Board, wife of Mr. Wei XIE.
Took Jwee NGOH			Member of Management Board, Chief Financial Officer for BPIC

25.1 Transactions and amounts due from and to related parties

The amount due from a related party arises from a loan made to the group's ultimate controlling party, Mr. Wei XIE and comprises the following balances:

	Year ended 31/12/2012 EUR	Year ended 31/12/2011 EUR
Advances to Mr. Wei XIE, the ultimate controlling party	**1,536,029**	**974,098**
Interest income from the said loan	**151,703**	**-**

The loan is unsecured, repayable no later than 31 December 2013 and carries an interest rate of 8% p.a. The said loan has been approved retroactively by the Supervisory Board on 18 July 2013. At as reporting date, the said amount owed has been settled in full.

The composition of the amount due to related parties is as follows:

	31/12/2012 EUR	31/12/2011 EUR
Amount due to Mr. Wei XIE, the ultimate controlling party	165,340	-

25.2 Transactions with key management personnel

Key management of the Group includes members of the Management Board, members of Supervisory Board. The following individuals served the Group during the financial year 2012:

Management Board

- Mr. Wei XIE, businessman, Henan Province, PRC, Chairman (appointed on 24 August 2012)
- Mr. Took Jwee NGOH, chief financial officer, Malaysia (appointed on 24 August 2012)

- Mr. Yan ZHAO, businesswoman, Beijing, PRC (appointed on 24 August 2012)
- Mr. Gunnar BINDER, businessman, Hamburg, Germany, Chairman (until 23 August 2012)

Supervisory Board

- Mr. Philip MOFFAT, businessman, Hamburg, Germany, Chairman (until 19 June 2013)
- Mr. Jie LUO, businessman, Wuhan Province, PRC (appointed on 24 August 2012)
- Mr. Xiaoping ZHAO, investor, PRC (appointed on 24 August 2012)
- Mr. Matthias SCHROEDER, lawyer, Hamburg, Germany, Chairman (appointed on 24 August 2012)

Key management remuneration

	Year ended 31/12/2012 EUR	**Year ended 31/12/2011 EUR**
Short-term employee benefits:		
Salaries and other benefits	199,147	2,911
Total remuneration	**199,147**	**2,911**

There was no remuneration paid to/entitled by members of Supervisory Board as they were only appointed in late 2012.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations, and in its investment activities. The financial risks include market risk (including currency risk and interest risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

26.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position related to the following categories of financial assets and financial liabilities

	31/12/2012 EUR	31/12/2011 EUR
Financial assets		
Loans and receivables		
- Trade receivables	2,774,109	1,338,617
- Amounts due from a related party	1,536,029	974,089
- Deposit	80,512	7,636
	4,390,650	2,320,342
Cash and cash equivalents	225,124	88,920
	4,615,774	**2,409,262**
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Trade payables	642,587	418,786
- Other payables	247,756	50,135
-Amount due to a related party	165,340	-
	1,055,683	**468,921**

26.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not have significant foreign currency risk as transactions and balances are predominately in their respective functional currencies.

However as the presentation currency of the Group's consolidated financial statements is in EUR, any significant depreciation of other functional against the EUR would result in foreign currencies translation losses when translating the net assets of the Company from other foreign currencies to EUR.

26.3 Interest rate risk

As the Group‘s interest bearing financial assets and liabilities are predominately in fixed rate and with scheduled repayment terms, the Company's income and operating cash flows are substantially independent to changes in market interest rates.

26.4 Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position. Credit risk, therefore, is only disclosed in the circumstances where maximum potential loss differs significantly from the financial asset’s carrying amount. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The carrying amounts of trade and other receivables, amount due from a related party and cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry significant exposure to credit risk.

The general credit terms are from 30 to 60 days. As at the reporting date, the Group does not hold any collateral from customers. The Group’s trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group assesses the credit quality of the customers, taking into accounts its financial position, past experience and other factors before extending credit to them. As at year end, the Group has an amount of approximately kEUR1,536 (2011: kEUR974) receivables outstanding from Mr Wei XIE. Management considers no significant credit risk exposure on these outstanding balances as certain repayments have been made subsequently as of the reporting date.. Details of the relevant amount have been disclosed in Note 25.2 in the consolidated financial statements.

In addition, the Group’s cash and cash equivalents are deposited with the banks with high credit-ratings in the PRC and the Group considers the credit risk to be insignificant.

26.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of its financing obligations and its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs by carefully forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projection. Long term liquidity needs for a 360-day lookout period are identified monthly. The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum.

The liquidity policies have been followed by the Group during the period and are considered to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities as at reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The analysis is based on the undiscounted cash flows of the financial liabilities.

	31/12/2012	**31/12/2011**
	EUR	**EUR**
Within 1 year		
Trade payables	642,587	418,786
Other payables	247,756	50,135
Amount due to a related party	165,340	-
Total undiscounted amount and carrying amount	**1,055,683**	**468,921**

26.6 Fair value measurements

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. As the current financial assets and liabilities of the Group have short residual terms, their carrying amounts correspond to market value as of the balance sheet date.

27. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent. The Group objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders and other stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 35% and 60%. The Group includes within net debt, trade and other payables, less cash and cash equivalents. The gearing ratio of the Group for the periods under review is disclosed as follows:

	31/12/2012 EUR	31/12/2011 EUR
Trade and other payables	3,580,906	1,806,570
Less: Cash and bank balances	225,124	88,920
Net debt	**3,355,782**	**1,717,650**
Total equity, representing total capital	**4,525,635**	**1,888,067**
Capital and Net debt	**7,881,417**	**3,605,717**
Gearing ratio	**42.58%**	**47.64%**

29. EVENTS AFTER THE REPORTING PERIOD

As of reporting date, the advances to the Chairman of the Management Board as disclosed in Note 25.2 have been fully settled. Other than this event, there are no other events material to the Group's financial position or financial performance that occurred after the balance sheet date.

Hamburg, 28 August 2013

Wei XIE Took Jwee NGOH Yan ZHAO

Independent Auditors' Report

To China BPIC Surveying Instruments AG, Hamburg

We have audited the consolidated financial statements prepared by China BPIC Surveying Instruments AG comprising a consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements and the group management report for the financial year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with paragraph 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

With the exception of the following qualification our audit has not led to any reservations: in contravention of section 298 paragraph 2 in conjunction with section 244 HGB, the consolidated financial statements and the group management report of China BPIC Surveying Instruments AG have not been prepared in the German language.

In our opinion, based on the findings of our audit, with the above qualification, the consolidated financial statements of China BPIC Surveying Instruments AG for the financial year from 1 January to 31 December 2012 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. With this qualification, the group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitable presents the opportunities and risks of future development.

Düsseldorf, 29 August 2013

Warth & Klein Grant Thornton AG

Wirtschaftsprüfungsgesellschaft

Joachim Riese	Ralf Clemens
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial Calendar

9th September 2013	Publication of Annual Report 2012
30th September 2013	Interim Financial Report 2013
End of October 2013	Annual General Meeting

Imprint

China BPIC Surveying Instruments AG

20095 Hamburg, Germany

Contact

E-mall: bpic@bpicsurvey.com

Tel: + 86 (010) 59812259, + 86 (010) 59812279

Fax: + 86 (010) 59812259